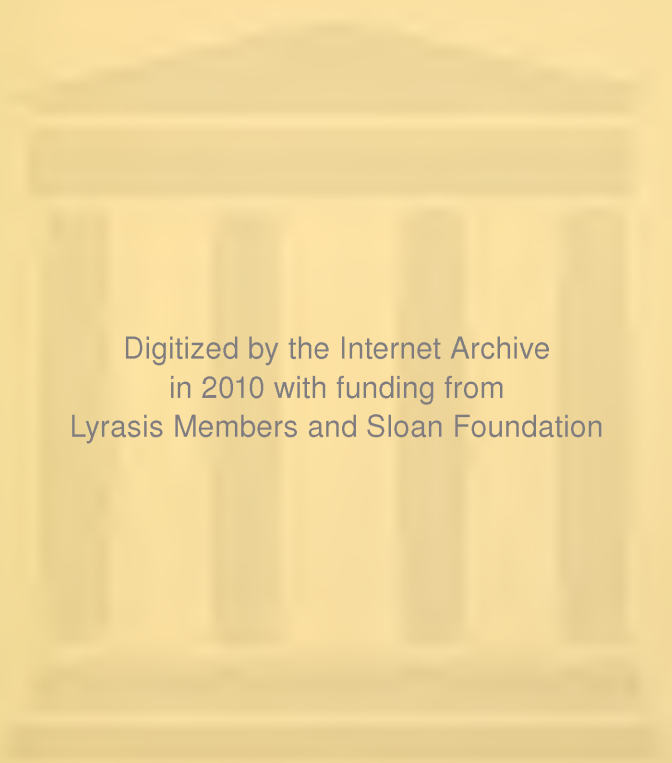




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Md. General Assembly
House and Senate

[Document A.]

M E S S A G E

OF

T H E E X E C U T I V E ,

TO THE

G E N E R A L A S S E M B L Y O F M A R Y L A N D .

DECEMBER SESSION, 1849.

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House

MESSAGE.

Gentlemen of the Senate

and of the House of Delegates:

After the lapse of nearly two years since the adjournment of the last session of the General Assembly, the Representatives of the people are again convened, according to the forms of the Constitution, to deliberate upon, and to provide for, the common welfare and interests of their constituents. The history of the intervening period has been singularly marked, by the occurrence of events of extraordinary magnitude and of momentous import; involving, in their results, the fate of existing governments, and deeply affecting the liberty and happiness of no inconsiderable portions of the human race. In the old world, the progress of mental cultivation and intellectual development, stimulated by the happy example of free institutions on this side the Atlantic, has awakened a spirit of inquiry into the natural rights and social condition of man, and aroused its people to a just sense of the hopeless degradation to which they have been consigned, by a long continued habit of passive obedience and unresisting submission. Repudiating the arrogant and impious pretension of divine right, in races of degenerate and imbecile rulers, the nations of continental Europe have arisen in their strength, and struggled manfully, for emancipation from the galling servitude which, for centuries, has oppressed them. If the heroic efforts of enslaved millions, to attain that equal station among the enfranchised of the earth, to which, by the laws of nature, they are justly entitled, have failed of success; if the sufferings and sacrifices, the blood and treasure, the fortitude, courage and constancy, which have sanctified the contest, have extorted from fortune no adequate favor; if treachery on the one hand, leagued with the brute force of combined despots on the other, has achieved what neither, singly and alone, could possibly have accomplished; if tyrants are revelling amidst the blighted hopes, the desolated hearths and fallen fortunes of a brave and gallant people, the lovers of liberty in every quarter of the globe are still left, not without consolation. Rational freedom, in its largest sense, is the inevitable destiny of

man, and sooner or later, in the providence of God, though its pathway be incumbered with the ruins of thrones and wreck of dynasties, that destiny must and will be fulfilled. While scenes of unmitigated cruelty and ruthless carnage, coupled with deeds of atrocity unparalleled in the annals of crime, have signalised the temporary triumphs of tyranny in other and less fortunate countries, the peaceful and rapid progress of events in this division of the Western hemisphere, presents our own favored land, in bold relief, to challenge the wonder and admiration of the world. Here, the broad heritage of liberty is the birthright of the citizen. That precious inheritance, consecrated by the blood of the patriots of the Revolution, and regulated by a system of equal, just and salutary laws, has descended in unbroken succession from generation to generation, not only unimpaired, but enlarged, beautified and improved. From a Confederacy of thirteen States and three millions of population, occupying a Territory of three hundred and thirty thousand square miles, within less than three quarters of a century, that Confederacy has expanded into an Union of thirty sovereign republics, embracing an area of fourteen hundred thousand square miles, inhabited by a race of twenty millions of brave, energetic and enterprising freemen.

Nor do the remotest borders of these States, fix a limit to the territorial possessions of this mighty republic. Stretching far away to the West, beyond the shores of the Mississippi and the summits of the Rocky Mountains, it acknowledges no other bounds to its dominion than the breadth of a vast continent, washed by the majestic waters of the Atlantic and Pacific oceans. Between these natural limits, and its northern and southern frontiers, lies a country of every variety of climate, soil and production; rich in all the exhaustless resources of agricultural, mineral, manufacturing and commercial wealth; capable of sustaining and destined, at no remote day, to support a population of three hundred millions of men. In *this country*, liberty has erected her chosen empire—the only land on earth, blessed with a free republican government, where the will of the majority, constitutionally expressed, is supreme—where all men are born free and equal, and where the individual security, personal liberty and private property of the citizen, are protected and guaranteed by laws of his own enactment, administered by agents of his own election! In such a country, and under such a constitution has our lot been cast; the one, replete with monuments of the mercy and goodness of God, and gifted with all the attributes of a great and powerful nation; the other, pregnant with proofs of the wisdom and foresight of its authors, and of the capacity of man, on the most extended surface, for self-government and the fruition of rational and regulated freedom. Consequent upon a condition of things thus favorable and propitious, is the prevalence of universal prosperity in every portion of the confederacy; and, no where have its evidences been more abundantly exhibited than in our own beloved State. Of a mild, genial and salubrious climate—a soil fertile, productive and of easy cul-

tivation—a mountainous region remarkable for exhaustless deposits of iron, coal and other minerals—its valleys and low-lands intersected by navigable creeks, rivers and estuaries, upon Maryland, it may indeed be said, that the favors of nature have been lavished with a bountiful hand. Auxiliary to these natural advantages, works of art of unsurpassed magnificence have been undertaken and are in progress of completion, designed, not only, effectually to develop her own internal resources, but by inviting to her borders the trade and travel of other sections of the Union, to pour into the lap of her commercial Metropolis, thence to be diffused over every portion of the State, the enterprise, population and inestimable wealth which must follow in their train.

If, in the accomplishment of such undertakings, a stupendous debt has been fastened upon the public treasury; if the finances of the State have proved, at any time, inadequate to discharge her pecuniary obligations, and the blighting curse of insolvency has dishonored her name, a remedy has been speedily found in the characteristic integrity and recuperative energy of her citizens. It is my privilege to communicate to you the gratifying fact that, within the last two years, under the operation of a system of revenue, wisely digested and faithfully administered, every engagement of the State has been discharged with the most exact promptitude and scrupulous punctuality; and that, there remains no reasonable ground to doubt the ability of the Treasury, not only to meet, for the future, the annually accruing interest as it falls due, but in a comparatively short time, through the agency of the sinking fund, to absorb the entire principal of the public debt.

The annual report of the Treasurer for the fiscal year ended on the first of December 1848, made to the Executive during the recess of the Legislature as required by law, is herewith transmitted. From this document it will appear, that the receipts into the Treasury for that year amounted to \$1,000,572 29, which added to the sum of \$328,499 46, the balance remaining at the close of the former year, made the total revenue for the year then ended, \$1,329,071 75. The disbursements for the same time amounted to \$1,013,126 43, leaving a balance on the first of December 1848 of \$315,945 32, besides the sum of \$575,682 17, due and outstanding in the hands of tax collectors, for that and former years. The sinking fund, at the same period, amounted to \$1,786,512 14. The Treasurer's annual report for the fiscal year ended on the first of December 1849, will be found to present a most satisfactory exhibit of the finances of the State. During the year then closed, there was received \$1,315,439 80, which with the balance of the former year \$315,945 32, made the aggregate revenue of the year \$1,631,385 12. The disbursements for the same period, were for ordinary expenses \$170,817 83, for interest on the public debt \$715,555 95, and for the redemption of the funded interest \$260,118 38, amounting in the whole to \$1,146,492 16, and leaving a balance in the Treasury on the first of December of 1849 of \$481,892 96, while there was, also, due from tax collectors in

the several counties \$551,833 69. The excess in the receipts of the last over the preceding year, was \$314,867 51, in the disbursements \$133,365 73, and in the balance at the end of the year \$168,947 64. Of the total revenue received during the fiscal year just ended, \$1,096,641 27, accrued for that year, and \$218,798 53, was for taxes of other years. The sinking fund, on the first of December 1849, amounted to \$1,892,537 61, being an addition to its capital within twelve months of \$106,025 47. On the thirtieth of September last, the entire debt of the State amounted to \$16,164,813 44, in bonds, of which \$1,148,990 at five per cent interest, was made redeemable at the pleasure of the State, at any time after the year 1843; \$100,000 four and a half per cent, after 1846; \$57,947 30 five per cent, after 1851; \$20,000 six per cent, after 1851; \$20,000 five per cent, after 1855; \$500,000 five per cent, after 1859; \$3,000,000 six per cent, after 1871; \$35,000 six per cent, after 1885; \$9,187,507 85 five per cent sterling, a portion of which has been converted into currency, after 1890; \$500,000 three per cent, after 1890; \$543,334 32 six per cent, after 1890, and \$1,052,023 97 six per cent, at pleasure. In the above stated amount, is included the sterling bonds of the State held by the Baltimore and Ohio Rail Road Company, and, also, the loan on account of the State tobacco warehouses, both of which should be deducted from the principal of the public debt, as each is otherwise provided for. By the act of December session 1846, chapter 238, known as the resumption law, the Treasurer was directed to resume payment of the interest on the public debt, on the first of January 1848; and the Commissioner of Loans was required, after the first of October 1847, upon the delivery to him of the coupons and certificates of interest due and unpaid, to issue the bonds of the State for the amount of the coupons and certificates so surrendered, redeemable at the pleasure of the State, and bearing interest at the rate of six per centum per annum. The law further provided, that, after the payment of the ordinary expenses of the State, the interest upon the main debt and upon the funded arrears, any surplus then remaining in the Treasury should be applied, first to the payment of the unfunded coupons and certificates, next to the purchase or redemption of the funded interest and lastly to the increase of the sinking fund and the extinguishment of the main debt. Under the provisions of this act, resumption took place at the time designated, and the Treasury was enabled, without inconvenience, to meet on the first of the succeeding month of October, the whole of the State's engagements, including the interest upon \$829,628 65, the amount of coupons and certificates funded to that date. Up to the first of last October the funded interest had increased to \$878,739 45, leaving it is supposed, but a small amount, if any, of coupons and certificates, yet unfunded. Besides the payment, during the last fiscal year, of the interest upon this sum, and upon the main debt as it became due, there has, also, been purchased or redeemed and cancelled, \$260,118 38 of the interest bonds, thereby reducing the debt on

that account, on the first of December 1849 to \$618,621 07. Thus, in the year eighteen hundred and forty-nine, has the State commenced the payment of the principal of her debt, from the general funds of the Treasury, and it becomes a matter of the highest import to the people, that they should be informed, as to the time, when, under the existing revenue system, that debt will be certainly and finally extinguished. With this view, in order to furnish a certain and reliable calculation, it will be necessary to separate from the aggregate amount of the State's liabilities, all such sums as, for purposes of redemption, either are not, or cannot become chargeable upon the revenues of the Treasury. The following statement will exhibit the result.

Public debt on the 30th of September 1849	\$16,164,813 44
Deduct—Sterling bonds held by the Baltimore and Ohio Rail Road Company	\$3,200,000 00
Tobacco loan	161,984 15
Interest bonds redeemed	260,118 38
Sinking fund	1,892,537 61
	5,514,640 14

Total public debt to be redeemed \$10,650,173 30

Of this amount, \$618,621 07, of the funded interest is first to be paid. The reliable accruing revenue of last year, exceeded \$1,200,000, and the taxes of that and former years in the hands of collectors, amounted to \$551,833 69. The experience of the Treasury shows, that the difference between the revenue which accrues, and that received for any one year, is usually supplied from the arrears of taxes due for former years; so true, indeed, is this, that the receipts of the last fiscal year from that source, greatly exceeded the deficiency in the current revenue of the year. The receipts of the fiscal year ending on the thirtieth of November 1850 may, with certainty, be estimated at \$1,200,000, a sum less than the receipts of last year, by \$115,439 86. Adding to that amount, the balance remaining on the first of December 1849, \$484,892 96, the aggregate revenue of the year will be \$1,684,892 96. The disbursements for the same period will be, for ordinary expenses, \$200,000, for interest on the public debt \$700,000, for redemption of one half of the residue of the funded interest \$309,310 53, making a total of \$1,209,310 53, and leaving a balance in the Treasury at the close of the year of \$475,582 43.

A like estimate of receipts and disbursements for the succeeding year, allowing for a decrease of interest in proportion to the reduction of the principal of the debt, will find, on the first of December 1851, the interest bonds entirely cancelled, a balance of \$484,830 53 in the Treasury, and the public debt reduced to \$10,031,552 23. From that time forward, all surpluses in the Treasury, become applicable to the sinking fund. The manifest and constant improvement perceptible in the collection and payment of taxes, taken in connexion with the certainty of increased revenue from Internal Improvement Companies, for reasons which will

be hereafter assigned, authorises the conclusion, that the receipts of each successive year, after the first of December 1851, will not fall short of \$1,250,000.

Estimating the receipts for the year ending on the thirtieth of November 1852, at \$1,250,000, and adding \$484,830 53, the balance of the preceding year, the aggregate revenue of the year will be \$1,734,830 53, from which, deducting disbursements for ordinary expenses \$200,000, and for interest \$662,000, amounting in the whole to \$862,000, and there will remain in the Treasury on the first of December 1852, \$872,830 53. The same result, with an annual balance constantly increasing in amount, will follow for all future years thereafter.

It will thus be seen, that \$375,000, at least, may be safely appropriated to the annual payment of the main debt, while a balance will always remain on hand, more than sufficient to cover any unforeseen contingency.

That amount, together with the increment of the sinking fund, regularly invested, will extinguish the entire public debt, in thirteen years from the first day of December eighteen hundred and fifty-one. The calculation above submitted, for the sake of absolute certainty, is based upon the lowest possible amount of revenue which can be received, without reference to the yearly augmentation of balances in the Treasury, and irrespective of any aid from the Chesapeake and Ohio Canal; and, indeed, it will be found to be so far below the actual practical result, that I shall not be subjected to the imputation of temerity, in venturing to predict the payment of the whole debt, in less than thirteen years from this date. The estimate, however, proceeds upon the hypothesis that, in the mean time, no attempt will be successfully made to disturb the existing system of taxation, and that it will be left, in all its integrity, to work out the relief which it is so certain to afford. The right of a political community to incur any pecuniary liability, binding upon the property of its citizens, implies the corresponding duty of providing the ways and means for its extinguishment, within a reasonable time. No one race of men, is possessed of the moral power to entail upon its successors, the payment of a debt, created for its own supposed advantage, or by reason of its own reckless improvidence. The subsisting debt of the State of Maryland, has been contracted with the consent, or recognised as binding by the acts of the present generation, and whether the one or the other, upon the same generation is devolved the high moral obligation of relieving posterity of its burden. Neither wisdom, justice, good faith or the true interests of the people will be found to warrant a material departure from the system of revenue now in operation; but, on the contrary, every consideration of duty, economy and sound policy, exacts the most rigid adherence to its provisions, until the last dollar of the public obligations is redeemed and cancelled. At no previous period in the history of the State, has the maintenance of the public credit been of more vital importance to every class of the community, and more especially to those engaged in

mercantile pursuits, than it is at this moment. The Baltimore and Ohio Rail Road, upon whose early completion, depends so much of the commercial prosperity of the City of Baltimore, relies for its success, almost exclusively upon the credit of the State. One half of the resources for its extension, consists of State of Maryland bonds, nearly two-thirds of which are yet unnegotiated, while a large proportion of the other half must be raised upon the bonds of the company, issued in anticipation of its revenues. In whatever estimation the character of that corporation may be held, the consummation of the enterprise in which it is engaged, reposes in no small degree, upon the preservation of the public faith, not only unimpaired, but elevated above the reach of suspicion. A repeal or abandonment of any branch of the system, unless with an ulterior view to increased revenue, or for the removal of obstacles in the way of the administration of justice and the laws, will inevitably, endanger the permanence of the whole code, inspire universal distrust, at home and abroad, prostrate all the great interests with which the pride and glory of the State are so intimately interwoven, and plunge her back again, in shame and dishonor, to the depths of insolvency, from which she has just been lifted. Allow the system to continue untouched, for, at most, fifteen years longer, and Maryland will present the anomalous and enviable spectacle, of a commonwealth liberated from debt, supported without taxation and possessed of an annual surplus revenue of from three to five hundred thousand dollars, to be distributed among the counties and the City of Baltimore in proportion to their former contributions to the Treasury, or to be disposed of in any other way, that a majority of the people may choose to direct. Under the act of December session 1821, chapter 150, stock of the State, amounting to \$27,949 30, bearing interest at the rate of five per centum and redeemable in thirty years, was issued for the benefit of the Maryland Penitentiary. By the fourth section of the act, it was provided that, in case the State should not redeem the stock at the expiration of thirty years, it should, from and after that time, bear an interest of six per centum, until paid. This stock becomes due in the year eighteen hundred and fifty-one, and unless redeemed, the interest upon it will thenceforth be increased to six per centum. As there is no legal authority to apply the funds of the Treasury to this object, the passage of a law or resolution, directing the Treasurer to redeem or purchase and cancel the stock referred to, when due, is respectfully recommended. The revenue laws, very many of which, though general in their terms, were, in fact, enacted to meet particular emergencies, have proved in frequent instances and in some of their most important provisions, so materially in conflict with each other, as to render a revision of them imperatively necessary. Some of these laws answer no other end, than to encumber the statute book and interpose difficulties in the ascertainment of the true meaning and construction of others, of intrinsic value, while several of them, in practice, have operated injuriously either in the collection of the revenue or in the administration of justice. The act of December session 1843,

chapter 20S, required the Governor, on the first of May succeeding its passage, to appoint collectors in the several counties and in the City of Baltimore where none were appointed by the local authorities, or having been appointed, failed or refused to qualify. The act of December session 1844, chapter 236, directs the Governor, annually to appoint collectors, "whenever and as often as the levy courts, commissioners of the tax and the Mayor and City Council of Baltimore shall neglect or be unable to procure duly qualified collectors by the first day of May in each and every year." Grave questions have been started in the progress of suits instituted for the recovery of taxes, as to the power of the city and county authorities to appoint collectors after the first day of May in each year; and although, the better opinion is, that the authority is concurrent, the apparent conflict should be removed by legislative interpretation. Similar difficulties have arisen in regard to the time, within which, the levy of each year's taxes is to be made by the levy courts, and commissioners and the Mayor and City Council of Baltimore. The original tax law, directed the levy of the State taxes to be made, at the annual meeting held for the purpose of laying the county or city taxes. The act of December session 1845, chapter 203, provides that, in case the proper authorities of the counties or city of Baltimore fail to levy the State tax by the first of August of each year, the Governor shall appoint tax boards for that purpose, and strong doubts have been intimated as to the power of the local tax boards, to make the levy after that day. As two-thirds of the taxes of each year are, by an act of the last session, made payable on the first of January, and the residue on the first of April next succeeding the year for which they are levied, earlier by nine months than was formerly required, the interest of the Treasury would be promoted and all difficulty removed, by the passage of a law directing both the levy of the tax and the appointment of collectors to be made, on or before the first of May of every year thereafter.

The act of December session 1842, chapter 269, authorising the division of the counties into collection districts, has operated, where it has been adopted, with extreme prejudice to the public interests, and its repeal, therefore, is now become indispensably requisite. Although, in the City of Baltimore and in all the largest counties of the State, with but one or two exceptions, the taxes are collected by a single collector, in many of the smallest counties, from three to five collectors are frequently appointed, accumulating unnecessarily the already arduous duties of the Treasurer, and rendering precarious, the payment of the taxes due from such counties. Of fifty-eight suits brought within the last two years against collectors and their sureties, but *five* have been instituted in counties having only one collector, while, under the system of divided collections, the State has not only been delayed in the receipt of her revenue, but constantly forced into litigation, subjected to large expense for fees and commissions to attorneys, and exposed to the loss of the claim, for the recovery of which, proceedings have been taken. The act of Assembly imposing a tax upon civil com-

missions, has occasioned great difficulty, in procuring the services of a sufficient number of justices of the peace for the transaction of such business, as is within their jurisdiction, in the counties for which they are appointed. It is known, that by far the largest number of this class of civil officers, have, before the passage of the law, accepted commissions, merely to subserve the convenience of the neighborhood in which they resided, and with no view, whatever, to the emoluments of the place. Since the imposition of the tax, these persons have very generally declined to qualify, in consequence of which, considerable inconvenience has been experienced, and the administration of justice sometimes impeded, and it is apparent that the law should be so far modified, as to except from its provisions the commissions of justices of the peace in the several counties.

The existing Treasury system will be found, upon examination, to demand a thorough revision and re-organization. The penalty of the bond of the Treasurer of the Western Shore, was fixed by the act of 1801, chapter 66, at a sum not less than fifty-four thousand dollars, and by resolution No 36, of December session 1842, the Eastern Shore Treasury having been previously abolished, the penalty was enlarged to two hundred thousand dollars. When it is considered, that the revenue of the State exceeds twelve hundred thousand dollars, that this immense sum is received, kept and expended by the Treasurer, without check or limitation, that the sole supervisory power provided by law, over the accounts of the office, resides in a committee of the House of Delegates during the biennial sessions of the Legislature, and that the bond of that officer is the only security held by the State for his official fidelity, it will, at once, become manifest, that additional safe-guards should be thrown around the system. Although, the duties of the office, have been increased ten-fold since the present tax laws went into operation, yet, its labors, as formerly, are still discharged by the Treasurer himself with the aid of a single clerk, a force altogether insufficient for the orderly and systematic conduct of the complicated affairs of that department. The creation of the office of Comptroller or Auditor, with powers and duties sufficiently comprehensive and well defined, would, it is believed, answer the double purpose of relieving the Treasurer of a large share of the duties and responsibilities now devolving upon him, rendering unnecessary the services of an Assistant Clerk, and at the same time, afford to each of these officers such mutual and salutary checks upon the official acts of the other, as would furnish the most perfect security in the receipt, safe keeping and disbursement of the public money.

The reports of the several Internal Improvement Companies in which the State is interested, and from whose annual receipts, revenue has heretofore been derived, present their affairs in a prosperous and improving condition. Of these, the first in importance, as well in respect to the magnitude of its design, as of the ends it is expected to accomplish, is the Baltimore and Ohio Rail Road Company. The relations of confidence and amity between that corporation and the authorities of the State, which, for causes not

now necessary to be adverted to, were for some years unfortunately interrupted, since my induction into office, have been happily restored, and while their mutual intercourse is now conducted with reciprocal friendship and cordiality, there is every reason to believe, that the councils of the company, under the auspices of the efficient and able officer having charge of its affairs, have, at all times been directed by a due regard to every interest of the State. I herewith transmit the reports of the President and Directors to the stockholders of that company, for the two years last past, ending, respectively, on the thirtieth of September 1848, and the thirtieth of September 1849. From these reports it will be perceived, that the aggregate income of the company from the "Main Stem" for the year ending on the thirtieth of September 1848, was \$1,213,664 57, its expenditure \$662,106 50, and its nett revenue \$551,558 07; and for the year ending on the thirtieth of September 1849, its aggregate income was \$1,241,205 45, its expenditure \$644,634 15 and its nett revenue \$596,571 30, showing an increase in the latter over the former year, in gross revenue, of \$27,540 88, and in nett revenue, of \$45,013 23 with a diminution in expenditure of \$17,472 35, notwithstanding a decrease in the receipts from passengers of \$72,009 05, occasioned by the prevailing epidemic. The same favorable results are found to exist, in the operations of the company on the Washington Branch; while its entire indebtedness, exclusive of the sterling bonds, and of the debt of the branch road, for the payment of the last of which, an ample sinking fund is provided, has been reduced to six hundred and fifty thousand dollars of bonds yet to become due. By a resolution of the Board of Directors, adopted on the fifth of December 1847, it was determined, thereafter to apply the nett earnings of the main stem to its extension westward and to the increase of the capital stock. Under this policy, two dividends, one of three and a half, the other of five per centum, have been declared. The interest of the State in this work, exclusive of the three millions of sterling bonds, consists of

Subscription to Capital Stock of the Company	\$500,000
Subscription to the Washington Branch augmented	550,000
Augmented Stock by dividend of 1848, 175 shares	17,500
Augmented Stock by dividend of 1849, 258 shares	25,800
Total	\$1,093,300

During the fiscal year of the Treasury, ending on the thirtieth of November 1848, there was received from the Washington Branch for capitation tax on passengers \$45,884 78, and for semi-annual dividends \$24,750, making together \$70,634 78; and for the fiscal year ending on the thirtieth of November 1849, for capitation tax on passengers \$52,019 77, and for semi-annual dividends \$33,000 amounting to \$85,019 77, being an increase over the preceding year of \$14,384 99.

It will thus appear, that the payments made by this company into the public Treasury, equalled, for the first named year, an interest of more than seven per centum, and for the last year, more than eight per centum upon the State's original subscriptions of one

million of dollars in the main stem and branch road. If to this be added the dividends from the main stem, payable in stock, the State will have received in the one year nearly nine per centum, and in the other, more than ten per centum upon the same investment. Such are the fruits of a work which has not yet reached its destined terminus by a distance of two hundred and eleven and a half miles, but which, nevertheless, has increased its revenues in ten years, from \$407,347 50 in 1839, to \$1,241,205 45 in 1849. The formation of a rail way connexion between the city of Baltimore and the Ohio river, for the purpose of securing to that city the trade and travel of the West and South, with the benefits necessarily flowing from it to the whole State, was the main, if not the sole object of the incorporation of the Baltimore and Ohio Rail Road Company. Within the last twelve months, the most energetic measures have been set on foot by the President and Directors of the company, for the accomplishment of this important purpose, and after mature consideration, a route of extension entirely practicable and coincident with the interests of Maryland, has been wisely adopted. A distance of one hundred and three and a half miles, comprising the most difficult portion of the whole route, is under contract and in rapid progress of construction, leaving but twenty one miles between that point and the contemplated junction of the road at Fairmount with the Monongahela river. It is believed, that with the means at the command of the company, the road can be completed in six years, to the city of Wheeling. In view, however, of the rivalry of other States for the western trade, and especially of the active exertions now being made on the part of Pennsylvania to complete, at the earliest possible period, a connexion between the city of Philadelphia and the Ohio river, *time* has now become an indispensable element in the success of this great enterprise. If the immense trade, for the monopoly of which, Maryland has been so long contending, is permitted by her own inertia or the supineness of her citizens to pass into other channels, at a time too, when its rich fruits are almost ripened for her grasp, the inestimable benefits to accrue from its possession, not only to Baltimore, but to the State at large, will be inevitably lost, never again to be reclaimed. The means under the control of the company, with the aid of such legislation as will be asked for from the State, will insure, beyond all question, the completion of this road to the Ohio within two years from the first day of June next, a point of time at which no other road, now under construction, can possibly reach that river and absorb its trade. The entire cost of making the road from Cumberland to the city of Wheeling, corrected and verified by the lettings of the sections now under contract, is estimated at \$6,278,731. The available resources for this purpose, consist of the sterling bonds of the State, estimated to produce \$3,000,000, nett revenues during the progress of the work \$1,000,000, subscription of the city of Wheeling \$500 000 and bonds of the company for rails to be purchased on time \$650,000, making in the whole \$5,150,000 and leaving to be provided \$1,128,731, in addition to

which, the sum of \$700,000 may be required for stocking the road after its completion.

For raising this deficiency, a recent communication from the President of the company to the Board of Directors, suggests two plans—the one, contemplating the issue of a preferred stock—the other, the issue of the company's bonds guaranteed against City and State taxation. Should the latter of these propositions be adopted, you will probably be asked to pass a law exempting from taxation, as well the bonds to be issued for the completion of the road, as those already outstanding; if the former, still, the interests of the company will require a similar exemption for whatever bonds may be issued in the prosecution of the work, and for the increase of its stock. The outstanding bonds on which the company has paid the State tax for the past year, amount to \$1,289,915 20 and the tax paid was \$3,224 79; the bonds to be issued will not exceed \$2,478,731, the tax upon which will be \$6,196 82, making a total of tax to be released of \$9,421 61; but as the receipts of the Treasury on this account, now amount to but \$3,224 79, that sum only would be subtracted from its present available means. It is, perhaps, proper here to remark that, although the whole amount of the tax paid during the last year was advanced by the company, yet it may be, that a considerable part of it was, and will be hereafter, in reference to future payments, retained out of the interest due upon the bonds. If this be the case, as such portion would, in fact, be indirectly paid by the holder or holders of the bonds, to that extent, neither the policy or the propriety of the exemption is perceived. Should the whole or any part of these bonds be exempted from taxation, so far from sustaining a loss, the State would be, in every aspect, a gainer by the transaction. Upon the extension of the road to Wheeling, the aggregate indebtedness of the company will amount to about \$6,000,000, its entire liability for interest will not exceed \$381,223, while the estimated increase of its net revenue will reach the large sum of \$1,350,000, leaving after the payment of all interest, \$968,777, for dividend amongst its stockholders and for the creation of a sinking fund adequate to the speedy discharge of the principal debt. It needs no calculation to show, that the increased dividends consequent upon the completion of this road within two years from the first of June next, will more than compensate the Treasury for any present loss it may sustain by the exemption of these bonds from taxation. But this is a narrow view of the subject. The Baltimore and Ohio Rail Road Company, as before remarked, was incorporated for the avowed purpose of building a road which, by connecting the city of Baltimore with the Ohio, should serve to attract to our own emporium the valuable commerce annually borne upon the waters of that river, while it might also become, incidentally, ancillary to the development of the mineral resources of western Maryland. Few intellects, at that day, comprehended the stupendous idea of a continuous rail way connexion with the valley of the Mississippi; and no one foresaw the annexation of the vast territory recently acquired from Mexico, and the erection on the shores of the Pacific of a great commercial mart, destined to command the trade of

China and the East, thence to be conveyed, by rail road, across the Continent to the Atlantic cities of this Union. But such things have happened and are occurring, and already strong indications are manifested of the early construction of rail roads from the Ohio, through the North Western States, to St. Louis, and not many years will elapse before, from that terminus, the line will be projected to the city of San Francisco.

The Baltimore and Ohio Rail Road, with ordinary diligence on the part of those interested in its success, must form a link in this mighty chain of connexion, the full value of which is, at this time, beyond all human calculation.

If, however, the countenance and support of the Legislature is withheld from this magnificent enterprise, and its completion should thereby be protracted through six, instead of three years, it is certain that, in the meantime, Pennsylvania will have formed her connexion with the Ohio river, and the golden harvest which Maryland should have reaped, will at least be put to hazard, if its fruits are not transferred, beyond all hope of reclamation, from her own commercial metropolis to that of another and more fortunate rival. Deeply impressed with the importance to the whole State of the completion of this work within the shortest practicable period, and relying with implicit confidence upon the good faith of the company, although prepared, had it been necessary, to have suggested much stronger and more effectual measures, I earnestly recommend the enactment of a law exempting from future taxation all bonds of the Baltimore and Ohio Rail Road Company now outstanding and for the tax upon which that company is, in law or in fact, absolutely responsible to the State, as well as all bonds hereafter to be issued for the extension of the road and for providing necessary additional stock after its completion.

Connected with the affairs of this company, is another subject to which it is proper to call your attention.

On the fourth of November 1846, the President and Directors of the Baltimore and Ohio Rail Road Company, declared a dividend on the stock of the company of three dollars per share, payable in cash to all stockholders of less than fifty shares; and to all stockholders of fifty shares and upwards, one dollar per share in cash, and two dollars per share in the company's bonds bearing interest, payable quarterly, and redeemable in twenty years. The dividend of the State amounted to fifteen thousand dollars, of which, five thousand dollars was cash payable at the Commercial and Farmers Bank, and ten thousand dollars bonds deliverable at the office of the company. The necessity for a declaration of dividend in this form, arose from the application of a considerable portion of the nett revenue of the company to the re-construction of the road, and to other objects connected with its operations. The Treasurer, on behalf of the State, refused to accept this dividend, mainly upon the ground that the President and Directors, under the charter, possessed no authority whatever to apply the nett earnings to the objects indicated, much less, to constitute the company a borrower from its stockholders, without their consent. This decision of the Treasurer was affirmed by the Legislature at its subsequent session,

and the Attorney General was directed to commence legal proceedings against the company, for the recovery of the whole dividend, in money. Suit was accordingly instituted and upon appeal to the Court of Appeals, that court by its judgment rendered at the December term 1847, while it recognised the right of the State to decline the acceptance of the dividend, nevertheless, fully sustained the company in the exercise of the power claimed by it, to apply its nett revenues to the reconstruction and extension of the road, and to all other purposes necessary to its legitimate and successful operations. The cash portion of the dividend has remained on deposit, in the Commercial and Farmer's Bank, since the time of its declaration; the bonds are in the hands of the company, and it is understood that the quarterly interest accruing upon them, as it became due, has been regularly deposited in the same bank. Under these circumstances, as no possible good can ensue by a continued refusal to accept the dividend, I recommend the passage of a law requiring the Treasurer forthwith to demand and receive it from the company on the terms on which it was declared, with authority to convert the bonds into cash whenever he may deem it prudent and necessary for the interest of the State.

The reports of the Baltimore and Susquehanna Rail Road Company for the last two years, ending on the thirtieth of September of each year, are herewith transmitted. The judicious management of that work, by the intelligent and energetic officer at the head of the company, and the board of directors to whose discretion is confided the control of its operations, is entitled to the highest consideration; and, in testifying to the commendable zeal, on all occasions manifested, to contribute largely from their revenues in aid of the public credit, I but perform a duty, alike agreeable to myself and eminently due to them. From an examination of these reports it will be found that, although from causes beyond the control of the company, a diminution of \$16,047 29, as compared with the antecedent year, occurred in the revenue of the year ending on the thirtieth of September 1848, yet that the gross income of the year closing on the thirtieth of September last, exhibits an excess over that of the year immediately preceding it, of \$34,026 98. The investments of the State in this work consist of

Subscription to the Capital Stock of the Company	\$100,000 00
Loan as preferred creditor	1,884,045 29
Preferred claim for interest paid, over and above amount received from the Company	962,941 40
Total	\$2,946,986 69

The interest due from this company to the State amounts, annually, to \$112,035 64. During the fiscal year of the Treasury ending on the thirtieth of November 1848, there was received from this source \$50,000; and in the course of the year just expired \$75,000, less, in the one case, by \$62,035 64, and in the other, by only \$37,035 64, than the total interest accruing during the same periods. Nor do these amounts, large as they are, demonstrate the full capacity of that corporation to contribute, hereafter, to the public prosperity, and to the discharge of all its liabilities.

In addition to the sum paid for interest during the last year, the company has been wisely engaged in the permanent repair of its track, and in the erection of a commodious depot in the city of Baltimore, for the accommodation of the increased trade and travel to arise from the opening, in a very short time, of a much more extended field of operations. With this view, in addition to the amount paid into the Treasury, there has been expended from the revenues of the last year \$14,603 04 for repairs of track, and \$22,048 16 towards the building of "Calvert Station," to be reimbursed from sales of property belonging to the company in the borough of York, and in the city of Baltimore. The same policy may, and probably will, prevent the payment into the Treasury of a larger sum, during the present year; but, after the expiration of that time, I entertain the most abiding confidence in the ability and will of the company, to resume and maintain the payment of the entire interest annually due upon its obligations to the State. It is known, that this work has its Northern terminus, through the York and Wrightsville road, at the Susquehanna river, opposite the town of Columbia; at the same point, also, is the terminus of the Susquehanna and Tide Water Canals, the former having its Southern outlet at Baltimore, the latter at Havre-de-Grace, with a choice of markets between Philadelphia, on the one hand, by the Delaware canal, and the city of Baltimore, on the other, by the Chesapeake bay, while each is dependent for its trade, mainly, upon the Pennsylvania canal terminating at Columbia, and the incidental business furnished by the country through which they respectively pass. So long as this state of things continues, both these works must naturally remain in constant and formidable competition, and neither can be expected to improve, materially, in its finances, or to yield additional advantages to the community most interested in their success. Fortunately, the exclusive dependence of at least one of them upon the precarious sources of supply just adverted to, has not long to endure. The Baltimore and Susquehanna rail road, before the regular session of another Legislature in this State, will have tapped the Pennsylvania works at Harrisburg by means of the York and Cumberland rail road on the West, and on the East side of the Susquehanna river, by the junction of the Wrightsville road with that from Columbia to Middletown, and thence by the Harrisburg, Mount Joy and Lancaster rail road. Assurances are given, upon unquestionable authority, that the connexion by the York and Cumberland road will be completed in the month of September next, and that, by the Columbia and Middletown road, before the first of next June. By the act of December session 1847, chapter 196, the Baltimore and Susquehanna rail road company was authorised, after the formation of a rail road connexion with Harrisburg on either side of the Susquehanna river, to fund the arrears of interest due the State up to that time, in the bonds of the company payable, without interest, in fifteen years from their date. The act further provides for the payment, in the mean time, from the nett revenues of the company, of six per centum upon the

loans originally made by the State, the surplus, if any, to be appropriated to a dividend among the stockholders, not exceeding six per centum, and any remaining balance thereafter, to be paid to the Treasurer for the constitution of a sinking fund for the redemption of the interest bonds. It is, also, provided that, if the sinking fund should prove inadequate to redeem the whole amount of the bonds within the time limited for their payment, then whatever amount remains unredeemed, shall be added to and become a part of the principal debt due the State, with like priority, and bear interest at the rate of six per centum per annum. This law has been accepted according to its conditions, by both the company and the corporation of the city of Baltimore; the arrangements which it contemplates will, I presume, in a few months be consummated, and there is no reason to doubt the ability of the company to comply, literally, with its provisions by the extinguishment of the whole debt to be funded, within the term of fifteen years. In the last annual report of the President and Directors to the stockholders, it is said, "that with the completion of the connexions, and the extension of the Pennsylvania rail road as far West as a junction with the State road at Hollidaysburg, this company will not only be able to resume the payment of its entire annual interest due the State, but maintain resumption and declare a dividend to its stockholders."

It has already been stated, that the connexions at Harrisburg will be formed in the months of June and September of next year, and it appears from the second annual report of the President and Directors of the Pennsylvania rail road company, that that work will be open to Hollidaysburg in the spring of 1850, and to Pittsburg in the spring of 1851. Between Hollidaysburg and Johnstown, on the West side of the Allegany mountains, a rail road is already constructed; so that, at farthest, by the month of September next, there will be a continuous railway communication from Baltimore to Johnstown of two hundred and seventy miles in length, and during the succeeding spring or summer the line will be extended to Pittsburg. The city of Baltimore will thus, by this avenue, become a successful competitor with Philadelphia, not only, for the products of the Cumberland valley, but for the western trade seeking, through Pittsburg, a channel to the markets of the Atlantic seaboard. Judging, then, of the future prospects of this company, upon a theatre of action so materially enlarged, by a comparison with its past success, while operating within its present contracted sphere, the conclusion is irresistible, that all the results, here predicted for it, are certain of realization. If, however, additional and more conclusive evidence is required to establish the future availability of this company, either for purposes of revenue or of increased commercial facilities, the proof will be found in the fact, that Pittsburg will remain, but for a comparatively limited time, the western terminus of this connexion. Long before the interest bonds of this Company have matured, the Ohio and Pennsylvania Rail Road, now under construction, will connect the city of Pittsburg with Cleveland on Lake Erie, whereby an unbroken chain of rail way will exist

between that town and Baltimore, a distance of nearly five hundred miles; nearer and more direct to the seat of the Federal Government, from either Detroit or Cleveland, by the Philadelphia line; and shorter, in point of time, by twenty four hours, than the route through New York to the same place, and, therefore, necessarily securing a very large proportion of the trade of the lakes and the travel to Washington from the North Western States, to the Baltimore and Susquehanna Rail Road. Surely then, in view of such facts, it requires no prophetic vision to discover, in advance, the attainment of all the ends which this work is destined to accomplish.

I herewith transmit the reports of the President and Managers of the Susquehanna and Tide Water Canal Companies for the years ending, severally, on the thirty-first of December, 1847, and the thirty-first of December, 1848.—The same alacrity and zeal manifested by the corporations already referred to, in the maintenance of the public faith, has, also, been exhibited by these companies in their contributions to the Treasury; and if, at any time, exact punctuality has not been observed in the payment of interest when due, that circumstance is attributable rather to unavoidable embarrassments than to an indisposition on the part of the President and Managers, to comply strictly with their engagements.

The State's investments in these works, are	
For Sterling Loan as preferred creditor	\$1,000,000 00
Preferred bonds of the Company for arrears of interest	192,500 00
Arrears of interest unfunded	70,390 01

Total	\$1,262,890 01
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The amount annually due upon the sterling loan and funded interest, varies with the cost of exchange and remittance; for the fiscal year ending on the thirtieth of November 1848, it was \$66,925 00, and for the year just closed \$66,550 00, making a total of \$133,475 00, while for the former year there was paid to the State \$40,000, and for the latter \$101,550, equal together to \$141,550 being an excess over the interest due for the two years of \$8,075 00. This balance has been carried to the credit of the arrears of unfunded interest, thereby reducing its amount from \$70,390 01, as above stated, to \$62,315 01. A tabular statement contained in the last annual report, shows a gradual increase of revenue within ten years from \$41,558 37, in 1840, to \$138,013 66, in 1848, a gain, in receipts, in favor of the latter year of \$96,455 29. In the same report it is remarked, "that the average increase of each year over the preceding, has been such, that at no greater rate of progress, the company must, in a few years, pay the current interest upon its debt, and may look forward to an entire extrication from its embarrassments." The President of the companies in a communication of the date of the fifteenth of October last, in reply to a letter from me, of an earlier date, says, "In estimating the resources of the State for the ensuing year, I think you may assume with certainty that the State will receive, punctually, the current interest from these companies;" and further, "whilst, therefore, I am loth to promise anything, the failure to

perform which, though without our control, would look like a breach of faith, I can express to you the expectation honestly entertained, that we shall be able next year, besides the payment of our current interest, to make a decided impression upon the arrears." The Susquehanna and Tide Water Canal Companies may, therefore, I think, be confidently relied on to continue the punctual payment of the annual interest due from them to the Treasury, and in the absence of any unforeseen casualty not only to discharge the unfunded arrears of interest, but to apply a portion of their earnings towards the redemption of the debt incurred, for their benefit, by the State.

The two last annual reports of the Chesapeake and Ohio Canal Company are herewith transmitted. I regret to be obliged to communicate to you the unwelcome intelligence that, notwithstanding the most confident assurances heretofore given, the canal has not yet reached its destined terminus at the town of Cumberland; nor am I in possession of any reliable information as to the period of time, at which its final completion may be certainly expected. The interest of the State in this corporation consists of

Investments as unpreferred stockholder	622,000 00
Investments as preferred creditor and stockholder	6,572,666 66
Preferred claim, for interest paid	3,645,943 75

Total	\$10,840,610 41
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From the above statement it will appear that the State has embarked her capital and credit to an infinitely greater extent in this, than in any other work of internal improvement; and if the success which has hitherto attended upon its management, is to be regarded as the best indication of its future utility, there is reason to fear that, without an essential change of system, the hopes and anticipations which the people of Maryland have been taught to cherish in reference to the fruits of this enterprise, if not doomed to perpetual disappointment, are at least liable to be indefinitely deferred.

A review of the past history and progress of this work, in its transactions with the State, may serve to admonish those, who have the largest stake in its success, of the entire inefficiency of the existing system of control, and of the consequent necessity of devising some other plan, for the more effectual protection of the public interests. The Chesapeake and Ohio Canal Company was incorporated by the Legislature of Virginia, in the year eighteen hundred and twenty-four, with a capital of six millions of dollars, and its object was the construction of a navigable canal, from tide water in the District of Columbia to the Ohio river at Pittsburg. At the December session 1824 of the Legislature of Maryland, the Virginia charter was re-enacted and confirmed, and it was, also, subsequently adopted by the State of Pennsylvania. Although the cost of the canal from Georgetown to Cumberland, as ascertained by a distinguished Engineer, then in the service of the Government, was estimated at more than nine millions of dollars, it was not found difficult to procure estimates from other quarters, deemed reliable, reducing the cost of construction between those points, to four millions five hundred thousand dollars. To this unfortunate com-

ment may be traced that fatal system of false, if not fraudulent estimates and profligate expenditures, by which the State of Maryland was finally plunged into a debt on account of this work, the principal of which now exceeds seven millions of dollars. To the capital stock of the company there was subscribed and paid in by the General Government \$999,990 00, by the State of Virginia \$250,000, by the city of Washington \$1,000,000, by Georgetown and Alexandria \$500,000, by the State of Maryland \$500,000, and by private subscriptions \$457,518 36, making a total of \$3,707,508 36, when on the 4th day of July 1828, the work was commenced with an ostentation which was thought to befit the magnitude of the undertaking. But scarcely had one hundred and four, out of one hundred and eighty-four miles, (the distance between Georgetown and Cumberland,) been completed, when the year 1834 was called to witness the exhaustion of the Company's means, the fallacy of the revised estimates and the consequent suspension of the work itself. Deserted by the United States, the State of Virginia and the District cities, the whole burden of its completion was now thrown upon the State of Maryland, and no means were left unassayed by the agents of the company to convince the Legislature that, whilst the most unlimited profits were to accrue to the State by the prosecution of the work to Cumberland, the additional sum of two millions of dollars would prove amply sufficient, to carry it to that town before the expiration of eighteen months, or at farthest, two years. A committee, at the head of which was the then president of the Canal company "appointed to prepare an estimate of the probable cost, and the time required for the completion of the canal," in their report of the date of the 29th of January 1835, submitted to the Legislature, confidently state that "the 78 miles below Cumberland, remaining to be placed under contract, will require two millions;" and, "as to the time which should be allowed for the completion of the Eastern section, past experience assures the friends of the canal, that if the entire line of 78 miles were placed under contract, eighteen months or two years, at most, would suffice for that object." Deluded by these representations, the General Assembly, at the December session 1834, loaned to the company two millions of State of Maryland six per cent bonds, reserving a right to convert the amount into stock, upon the completion of the canal to Cumberland.

This act was passed on the 18th of March 1835, and scarcely was time given to consummate its provisions, when, in less than a year from its passage, the startling announcement was made in the report of the committee of Ways and Means, at the December session 1835 that "the object towering above all others, and compelling alarmed attention, was the disclosure that the estimates of the cost of completing the Chesapeake and Ohio Canal to Cumberland have proved largely inadequate." And, that "whatever may have been the vagueness and uncertainty of the estimates of 1835, those furnished to the present Legislature, may, it is believed, be certainly relied upon; and they fix the amount that may be required, at something less than three millions of dollars." The Legislature, still trusting to such deceptive representations,

accordingly passed the law commonly known as the eight million loan bill, subscribing three millions of dollars in the bonds of the State to the capital stock of the company. Before the lapse of two years, most of these bonds were sold or hypothecated at ruinous discounts, and their proceeds being expended, the company again appeared at the December session 1838, as a suppliant for legislative favor. A new estimate, then submitted, showed, that three millions of dollars more, would be necessary to finish the work. The State, thus far involved, found it too late to withdraw its support of this work, without the certain loss of all that had been previously invested. At this session, therefore, a further subscription was made to the stock of the company, of one million three hundred and seventy-five thousand dollars, in the bonds of the State. No greater benefits were obtained from this, than from former appropriations, and as the debt contracted in aid of this corporation, had now reached the enormous sum of seven millions of dollars, and, as by this time and by these means, the public credit was literally bartered away, the canal was, of necessity, abandoned to its fate. From this period down to the December session 1844, the Legislature was, from time to time, earnestly, though vainly, importuned, for additional succor. At that session, under the effect of promises liberally given, that the work could and would be finished in two years, a law was passed authorising the company to issue its bonds for the completion of the canal to Cumberland, to an amount not to exceed seventeen hundred thousand dollars, with preferred liens upon the canal, its tolls and revenues. Under the provisions of this law, a contract, represented to be, in all respects satisfactory was, on the 25th of September 1845, entered into with certain persons said to be possessed of high credit and responsibility, wherein, among other things, it was stipulated, that the work should be completed and ready for use by the first day of November 1847. After suffering nearly the whole period within which the canal was to have been finished, to be passed in the most masterly inactivity, the contractors were admonished by the President and Directors, as appears in their annual report of the 5th of June 1848, that, "unless they succeeded in concluding, or making substantial progress towards the consummation of an adequate negotiation by a given day," they, "would take into serious consideration the expediency of adopting some decisive measures, in regard to the termination of the contract." The effect of this admonition led to "renewed activity" on the part of the contractors; other arrangements were now entered into, the time originally limited for the completion of the work was extended to the first day of October 1849, and until recently, it was positively asserted, that the canal would be open by that day. The first day of October 1849, has come and gone, but the canal is not yet completed. The hearts of the tax paying people of Maryland are sickened with "hope deferred," and while every day's delay subtracts largely from the public prosperity, it also serves to perpetuate the burden of debt which the State has to bear, and by accumulating the already fearful amount of the company's liabilities, renders more remote the probability of early relief from that quar-

ter. Since the passage of the act of 1844, last adverted to, the liens of the State have been further postponed by the issue, as I am informed, of the company's bonds to the amount of two hundred thousand dollars, endorsed with the guaranty of the State of Virginia, upon the performance of certain conditions precedent, and upon a pledge of the revenues of the canal for the redemption of the principal, and the payment of the interest of the loan, the proceeds to be applied to the repair and improvement of the finished portion of the work, between dam No. 6 and Georgetown. Learning from current rumor and newspaper reports, the only means of information possessed by the Executive, that such arrangements were in contemplation, I immediately addressed a letter of inquiry to the president of the Company. Ascertaining from his reply, that negotiations of the character referred to, were really in progress, and doubting both the legality, and under existing circumstances, the policy of the measure, I applied to the Attorney General for his advice, upon the question of law. That officer was of opinion that, although the company could not legally comply with some of the conditions specified in the Virginia law, yet that, under the charter and its supplements, the power resided in the corporation to anticipate its revenues by a loan, for the purpose of repairing the canal. Having no authority further to act, though still doubting the necessity of the measure, I contented myself with furnishing a copy of the opinion to the presiding officer of the company. The bonds, as before stated, have been issued, but whether either or all of the conditions named in the Virginia act have been waived, I am not able to apprise you. I have thus, under a solemn conviction of duty, omitting several matters of minor importance, presented to you a brief and truthful history of the proceedings of the Chesapeake and Ohio Canal Company, in connexion with the interests of the State, from the date of its incorporation to the present day; and if the narrative is of no other value, it at least demonstrates, that wisdom and good faith have not at all times, presided over the councils of the company.

Sensible that those having, at this time, charge of the affairs of the company, are not justly responsible for the series of reckless and delusive measures by which the State has been betrayed into her present pecuniary embarrassments, it has formed no part of my purpose to arraign either their integrity, intelligence, or good intentions. In reviewing the past relations between the State and that corporation, I have been influenced solely by a desire, to apprise you of the entire absence of all adequate control over its operations, in order that you may be admonished of the necessity and duty, of devising some other system, better adapted to the more effectual protection of the public interests. The control of the State over this and other works of Internal Improvement, has been heretofore exercised, through a board of agents, and by directors appointed by the two houses of the Legislature. By the act of 1832, chapter 318, the Governor with the consent of the council was required to appoint three agents to represent the State at the meetings of the stockholders of all joint stock companies "incorporated to make roads and canals, and to vote according to the interests

of the State in all the proceedings of said company or companies," the act also providing that their compensation should be the same "as is allowed to members of the General Assembly, including itinerant charges, during the time necessarily occupied in the discharge of their duties." By chapter 155 of 1840 the number of the agents was enlarged to five, the mode of appointment changed, and the additional duty assigned them to "keep a correct journal of the proceedings of said stockholders in general meetings assembled, and report the same to the Legislature, with such remarks therein as may seem to them expedient;" and by a subsequent law, their compensation was reduced to one hundred dollars, each, per annum. The directors on the part of the State are without emolument, their duties being the same, as those preformed by private directors, in similar corporations. The nature and extent of the duties assigned by law to the State Agents, and the limited salary allowed them, insufficient as it is to pay the ordinary itinerant charges attendant upon the exercise of the trust reposed in them, are considerations ample of themselves, in the absence of the overwhelming proof afforded by passed experience, to show that the existing system of control, is inherently defective, and that the time has arrived, when a change of that system is imperatively demanded. When the great and important ends to be accomplished by the Chesapeake and Ohio Canal, are adverted to; when it is considered that by its agency, the boundless mineral resources of Western Maryland are to be developed and brought to a market; that by its revenues, an immense debt of seven millions of dollars, contracted for its construction, and now weighing heavily upon the property of the people, ought to be cancelled; that an annually accruing interest of \$371,625, is to be met; that \$3,645,943 75, of arrears of interest are to be paid, and that, before a dollar can be applied to these objects \$127,500 of its yearly profits, are first to be appropriated to the payment of the principal and interest of preferred debts, can it be doubted that a system of the most comprehensive powers, executed by agents of sagacious intellect, enlarged experience and persevering energy, with a constant devotion of time and labor, are indispensable to the attainment of such results. After mature reflection, I have considered it proper to renew, in a modified form, a suggestion heretofore made on this subject by my immediate predecessor, and I now recommend the creation of a board of public works composed of two persons, one of whom to be taken from the Eastern, and the other from the Western Shore, to be elected by a direct vote of the people, at the time and places of electing a Governor, and to continue in office for the term of three years. This board, should be authorised to act in the place and stead, of the agents and directors now appointed, with full and ample powers to represent, control, manage and direct the interests of the State, whether as stockholder or creditor, or both, in all joint stock companies incorporated for purposes of internal improvement, with an annual salary to its members, sufficient to enable them to devote their undivided time and attention to the duties of their office. The board should, likewise, be required to meet quarterly at the seat of Government;

and in order that the Executive may be kept constantly informed of the exact condition of the State's affairs in these corporations, the Governor, for the time being, should be constituted president of the board, with authority to preside at its meetings, and to decide, by his casting vote, all questions on which its members may be divided in opinion; and the Secretary of State should, also, be directed to act as secretary to the board, and charged to keep an accurate journal and record of its proceedings, the whole of which, together with such remarks as might be deemed proper, the board should be required to report to the Legislature, at each successive session. And to the end that the State may derive immediate benefit from the system, I suggest the appointment of two persons for this purpose, either by the Legislature or Governor, who shall continue in office, until superseded by others elected by the people. That the Chesapeake and Ohio Canal can be made available for every necessary purpose, no one will question who is at all familiar, either with its capacity for the transportation of tonnage, or with the region of country from which its principal trade is to be supplied, whether in reference to its fertility, the boundless extent of its coal fields, or the superiority of the coal itself, over any other in the world for steaming purposes on land or sea; and I conscientiously believe that a measure, the outline of which has just been given, if adopted, will infuse new energy into its management, and make it, at a much earlier day than otherwise, a large contributor to the public Treasury. The Chesapeake and Ohio Canal completed, the Baltimore and Ohio Rail Road extended to Wheeling, and the Baltimore and Susquehanna Rail Road brought into connexion with the Pennsylvania improvements, in a few years the curse of debt which has hitherto rested on this State, will be converted into a blessing, and Maryland will take her place among the sisterhood of the Union, as great in the illimitable extent of her own native resources, and in the trade and population drawn to her borders from other sections, as she already is, in the intelligence, energy and patriotism of her people.

The reports of the Directors of the Maryland Penitentiary for the last two years, containing as they do, much valuable information as to the present condition and future interests of that prison, will merit, and doubtless receive your particular attention. From these papers it will appear, that for the year 1848, the excess of the expenditures over the income of the institution, was \$12,947 91, and for the year 1849, \$7,054 46, the deficiency of the last, as compared with that of the preceding year, being less by the sum of \$5,893 45. The Penitentiary has always, since its establishment, down to the present day, labored under the inconvenience, and been subjected to the losses, consequent upon the want of a sufficient cash capital, to sustain its business operations, and, but for occasional appropriations made by the Legislature, and the private means generously advanced by the directors, its credit must long since have failed. From this circumstance, as both its purchases of the raw material, and its sales of manufactured goods are made on time,

perpetual loss is sustained in the enhanced price of articles bought, and in discounts on paper taken for such as are sold. A tabular statement, appended to the last of these reports, will exhibit the fact, that in the ten preceding years, the aggregate amount of discounts on the business paper of the institution, was \$21,489 32, while from the reports themselves, it will be learned, that of the balances of the last two years, nearly one-fifth of the one, and more than one-third of the other, were for interest paid. Such facts are deemed sufficient, to impress upon the Legislature, the necessity of providing the Penitentiary, with sufficient means to relieve it from such sacrifices. The buildings and walls surrounding them, are represented to be in a state of dilapidation, requiring immediate and extensive repairs, the cost of which, including the State's proportion of the expense of paving "Forrest street," is estimated at \$10,000. The reports and documents accompanying them, with the many interesting suggestions they contain, especially in reference to insane and juvenile convicts, and several matters of prison discipline, are submitted to your serious and favorable consideration.

By the act of December session 1830, chapter 64, certain individuals in the City of Baltimore were incorporated by the name and style of "The House of Refuge," for the purpose of establishing an institution for the reformation of juvenile delinquents, to be conducted and controlled by twenty-four managers, of whom eight were to be appointed by the State. The objects of the corporation were not, at that time, effected by those who were named in the law. More recently, in consequence of the general prevalence and startling increase of crime and misdemeanors among youthful offenders, this benevolent scheme has been revived, with a hopeful promise of success. Managers on the part of the State, the City of Baltimore and the members of the association, have been appointed, and the corporation is now re-organised and actively engaged in seeking contributions from the liberality of private citizens, which, together with the subscription already procured from the municipal authorities of Baltimore, and such appropriation as the Legislature may deem proper to make, are relied on for the erection of the necessary buildings, and for the annual support of the institution. The reformation of convicts, by the infliction of appropriate punishments, is the primary end of all criminal jurisprudence; and however well adapted to the purpose, Jails and Penitentiaries have proved in the case of aged and obdurate offenders, it is now universally allowed, that the incarceration of juvenile delinquents in such receptacles, as a punishment for the first and often thoughtless and venial offence, exposed as they are, to the indiscriminate society of hardened and incorrigible felons, has been infinitely more efficacious in the confirmation of vicious habits, than in the restoration of character, and the reformation of morals. The prevention of crime, particularly among the young, imposes on society a much higher duty, than its detection and punishment; and to the attainment of this humane object, the economy of Houses of Refuge is thought to be admirably suited.

The accompanying reports of the New York and Philadelphia

Houses of Refuge, will serve to inform you of the general scope, the annual expense, and the beneficial effects of those institutions. The Legislature, by the passage of the act above referred to, has committed the State to the policy of patronising a similar establishment; and when it is known, that there are, this day, in the Maryland Penitentiary no less than twenty-one persons whose ages, at the time of their conviction, ranged from thirteen to eighteen years, not to refer to the number of youth who in the course of the past twelve months, were confined in the Jail of Baltimore city and county for minor offences, the propriety of the measure will not be questioned. By that law, "the whole nett balance of the annual profit accruing from the State Penitentiary," not exceeding in any one year, five thousand dollars, nor to continue longer than five years, was appropriated to the use of the House of Refuge. As has been already seen, this resource is not to be relied on, and the passage of a law is recommended, making an immediate donation of ten thousand dollars, to be employed in the erection of the necessary buildings for a House of Refuge, and the appropriation of the annual sum of five thousand dollars, towards the expense of maintaining the institution, after it shall have gone into operation.

In the early part of the month of November 1848, information was received from the Inspector of Tobacco at the State Tobacco Warehouse recently erected on the corner of Conway and south Charles streets, in the City of Baltimore, that that building was in a dangerous situation, and liable at any moment, to fall. Immediately caused a survey of the building to be made by John Dushane and James Mowton, two highly respectable, intelligent and experienced citizens, under the direction of I. Nevitt Steele, Esq., the Deputy of the Attorney General for Baltimore county. After a careful examination, those gentlemen, on the twenty-fourth of the same month reported in writing that, in consequence of the settling of the girders, the roof which was dependent upon them for support, had been let down upon the walls, forcing a portion of the north and south walls of the main building, considerably beyond their proper position, thereby, for that and other reasons stated in the report, rendering the edifice extremely insecure and, without the immediate application of the remedies suggested, endangering the permanence of the whole pile. The repairs thought necessary, were estimated to cost \$4,500. Having no other means at my disposal, in the absence of the Legislature, I determined, in order to prevent the heavy loss which must have ensued from the exposure of the house to further risk, to apply to the payment of the costs of its repair, such portion of the contingent fund, as it would be prudent to expend for that object. Accordingly, on the fourth of the following December, I entered, on behalf of the State, into a contract with John Dushane, in which it was stipulated that, in addition to his personal superintendence, he should purchase the materials and procure the labor of all kinds necessary for the repair of the Warehouse, in consideration of which, it was agreed that the State should refund the money actually ex-

pended for such materials and labor, and pay him five dollars per day for his own services. It was, also, agreed that three thousand dollars should be advanced as the repairs progressed, and that the balance remaining due, with interest, should be paid, if not sooner, immediately after the termination of the ensuing session of the Legislature. Under this contract, Mr. Dushane commenced the work, and in as short a time as possible, completed it in the most satisfactory manner, placing the building, it is believed, in a state of security against further danger, and at a cost of three thousand six hundred and thirty-four dollars and ninety cents. Of that sum, three thousand dollars has been paid from the contingent fund, leaving the balance to be provided for by the Legislature, and it is recommended, that in the passage of a law or resolution for that purpose, provision should be made for charging the whole expense incurred, to the account of the tobacco fund.

After consultation with the Attorney General, and under the advice of that officer, I directed suit to be instituted against the contractor, for the erection of the Warehouse and the surities in his bond, for the recovery of damages sustained by the State, in consequence of his failure to perform the contract, according to its terms and specifications, and, I am informed that the case will be tried and decided, during the winter term of Baltimore county court.

In the month of March 1848, a set of balances, intended for the adjustment of standard weights and capacity measures, was received, for the use of this State, from the United States. No suitable place of deposit having been provided for them, by the Legislature, they were, from necessity, temporarily placed, without being unpacked, in one of the committee rooms of the House of Delegates, where they now remain. By resolution No. 54, of December session 1842, the Governor was authorised and directed to distribute to the Levy courts and commissioners of the several counties of the State, each, one standard of the different kinds of weights and measures, to be received from the United States.

Under the authority of this resolution, copies of the standard yard measure, were prepared, at considerable expense, by John H. Alexander, the agent of this State appointed for that purpose, and have since been distributed, under an order of my immediate predecessor. By resolution No. 38, of December session 1845, the Governor was directed to settle Mr. Alexander's accounts, and all further proceedings under the first named resolution, were ordered to be suspended until the further action of the General Assembly. In the absence of additional legislation, no suitable depository for the balances now in the possession of the State can be provided, nor, can standard copies be made for distribution. A circular letter of Professor Bache, United States superintendant of weights and measures, descriptive of the balances, accompanied with a report from that officer, and a drawing of a building appropriate for their preservation and use, is herewith transmitted.

The laws for the government of the militia of the State are wholly inefficient, and that important branch of the public service is so entirely disorganised, that there is not only no enrolment of

those liable to military service, but the bounds of the brigade, regimental and company districts are, for the most part, unascertained and unknown. The resolutions of the last session, declaring the law regulating the militia and militia trainings to be in full force and effect, and directing each officer to enroll his command and to provide himself, by a specified day, with the proper uniform of his rank, under pain of forfeiting his commission, have been productive of no other effect than that of relieving the service of a large body of field and company officers. However questionable the policy of militia trainings in time of peace, may be, in reference either to its influence upon popular morals, or its aptitude to impart military knowledge, no one will question the propriety of maintaining, under our institutions, such an organization as will enable the State, should an emergency arise, at once to estimate the numerical strength of the militia force. Apart from other considerations, the act of Congress "for arming and equipping the whole body of the militia in the United States," makes the number of effective militia in each State a basis for the distribution of arms. The quota, annually assigned to Maryland, bears no comparison with the proportion the State would be entitled to receive, if a full enrolment of the militia were procured. The passage of a law requiring the Sheriffs of the several counties and the city of Baltimore, once in every ten years, to make out and return, at the cost of the State, to the office of the Adjutant General, full and complete lists of all persons subject to militia duty in their respective bailiwicks, would remove the most serious difficulties now experienced, and in a great measure, obviate the necessity for a more perfect organization.

The laws providing for the tuition of the indigent blind and deaf and dumb, make it the duty of the Governor to report to the Legislature, the amount of money annually expended for the education of these unfortunate objects of the tender care and benevolence of the State. During the year 1848, there was paid, on account of the pupils of the State at the Pennsylvania Institution for the education of the deaf and dumb, \$1,453 35, and for the year 1849, \$1,896 97; there was, also, paid on account of the pupils of the State at the Pennsylvania Institution for the education of the blind, for the first named year, \$841 08, and for the last, \$966 00.

The several resolutions passed at the last session of the General Assembly, requiring action on the part of the Executive, were promptly attended to, in conformity with the directions and meaning of the Legislature.

Resolutions No. 29, in reference to the death of John Quincy Adams, and expressive of the condolence of the General Assembly with Mrs. Adams, upon the occasion of her bereavement, were forwarded to that lady, with an appropriate letter from myself, a copy of which, together with her reply, addressed to the Legislature, will accompany this communication.

Resolution No. 42, tendering the thanks of the State to George Peabody, Esquire, a resident of London, for disinterested services

therein referred to, was in due time, transmitted to him. A copy of the communication which accompanied the resolution, with the reply of that gentleman thereto, will be found herewith.

By resolution No. 92, the Governor was requested, to have full estimates made of the cost of additional buildings to the Maryland Hospital, suitable for the accommodation of the insane persons in the Penitentiary and Alms House of Baltimore city and county, and for the use of the insane poor of the State, and to report the same to the next succeeding meeting of the Legislature. Pursuant to this resolution, plans and estimates, prepared with care and approved of by the President of the Hospital, have been procured, and are herewith submitted. The plan, it will be perceived, contemplates the erection of two wings extending south two hundred and fifty-two feet each, from either end of the present building, and is designed, as directed by the resolution, to accommodate one hundred and fifty additional patients. The cost of the buildings, if warmed and ventilated by air furnaces, is estimated at \$74,519; and if steam be substituted for the air furnace, the increased expense will carry the whole cost to \$81,519. The plan, too, is so arranged, as that one half of each wing will be complete in itself, and capable, together, of accommodating seventy-five patients. Although the Hospital is now filled to its utmost capacity, there are not far from two hundred insane persons in the State, one hundred and twenty-three of whom, are in the Baltimore Alms House, and eight in the Penitentiary, without the means of proper treatment for the mitigation or cure of the awful malady with which they are afflicted. However urgent may be the demands of humanity in behalf of this unfortunate class of persons, and however clear the obligations of society to provide for their wants, in view, nevertheless, of the proximity of the Hospital to the City of Baltimore, and the limited extent of its grounds, it is questionable whether, instead of enlarging the present building, it would not be wiser and better to dispose of the establishment and employ the proceeds, with such appropriation as the Legislature may choose to make, in the purchase of a sufficient quantity of land and the erection of an Asylum upon the most modern and approved plan, adapted, in all its arrangements, for the comfortable accommodation, treatment and cure of insane patients, and of a style and character worthy the munificence of the State.

The subject of reform in the Constitution of the State by a Convention of delegates elected by the people for that purpose, heretofore so often considered and discussed, will, doubtless, be again earnestly pressed upon the attention of the Legislature. That the constitution does require revision and amendment, that it is, in many respects, unsuited to the spirit and progress of the age, and that it is susceptible of great and advantageous improvement is, on all hands, admitted. That the sovereign power of the people to change, alter or abolish the existing form of government and to institute a new one in its stead, at whatever time and in whatever manner a majority may think proper, is inherent and inalienable, and that there is no provision in the constitution of this

State, which, correctly interpreted, either can or does impose restrictions upon its exercise, are propositions clearly sustained by a weight of argument and authority, placing them beyond the reach of successful refutation. Every day swells the number of those who advocate the doctrine of popular sovereignty, and insist upon its practical assertion by the people themselves; each succeeding election finds it a topic of increased excitement and agitation, furnishing renewed evidence that a large majority of the citizens of Maryland are favorable to Conventional Reform, and that unless the wishes of the people, in this behalf, are gratified, the sanction of the Legislature will not, much longer, be invoked. An act of the General Assembly legalising the use of the ballot box, in order effectually to test public opinion on this subject, is all that is asked, and, with due deference, it is submitted, that this is a reasonable request and ought not to be denied.

Resolutions of the Legislatures of the States of Virginia, South Carolina, Florida, Missouri, New Hampshire and Vermont, in relation to the subject of slavery in the territories of the United States, are herewith transmitted, and will be found to present the true issues between the northern and southern sections of the Union upon that dangerous and threatening question, in a manner, that cannot fail to commend itself to your most thoughtful consideration, and to elicit a solemn declaration of the policy which Maryland will feel bound to adopt, should a choice of alternatives be precipitated upon her. The dark and baleful spirit of abolitionism, which has hitherto contributed, so fearfully, to alienate the affections of the people of these States, to disturb the harmony and to endanger the permanence of the Union, is still progressing in its mad career, unmindful of the compromises which alone imparted vitality to the Constitution, and regardless alike of the admonitions of patriotism, the dictates of justice and the equal and undeniable rights of all the members of this confederacy. Concealing its lust for political power under the specious garb of an enlarged philanthropy, while luxuriating upon the labor of the slave, it wages unceasing and relentless warfare against the rights of his master. What was once considered and treated as an impotent faction of wicked or deluded fanatics, from the very impunity which a cautious forbearance too often affords, has now assumed the character of a formidable sectional organization, resolved, unless the signs of the times are strangely deceptive, not only to appropriate to its own exclusive use the common property of the United States, but by forcibly depriving the southern States of all participation in its enjoyment, to disgrace and degrade them from an equal rank with the other States of the Union. The Constitution of the United States, recognises, without limitation, the institution of domestic slavery, guarantees its existence and vindicates the right of the owner to the possession and service of the slave; and it cannot be doubted that if the power, now claimed to be exercised by Congress, to prohibit the emigration of the people of the slave-holding States, with their property and effects of all kinds, to any territory owned by the United States, had been asserted at the time when the Constitution was submitted, for ratification, to the States, that

instrument would not have been adopted, nor could the Union have ever been formed. If the union of the States, can only be preserved by an unconditional surrender of clear constitutional rights, secured to its members, if the Federal Government, instead of a system of liberty, equality and law, is to be perverted into an engine of force, oppression and fraud, then, indeed, has the day arrived, when the South, at least, must pause, in sorrow and anguish, to calculate its value. The crisis, though impending, is not yet come, and the evil hour of disunion, so much to be deprecated, may, it is devoutly to be hoped, be forever averted. Non intervention is all the South has ever asked, and, however reasonable the request, it has been more than once, coldly, if not indignantly, refused. The time for reason and argument seems to have gone by, and the perpetuity of this mighty republic, with all the countless blessings which it is capable of imparting, must now rest upon the firm, united, temperate, but determined action of the southern States; and to this end, it is believed, to be the duty of the representatives of the people of Maryland, to reflect the sentiments of their constituents, by the solemn declaration, in advance, of the unalterable determination of this State, in the event of the passage by Congress of the "Wilmot Proviso," or any similar scheme, to make common cause with the South, and to resist to the end, the execution of a measure so palpably violative of her rights and so pregnant with injustice, disgrace and degradation.

I have thus endeavoured to place before you, in a manner, as brief and intelligible as circumstances would allow, every topic of prominent importance in the administration of public affairs, or, in any way, connected with the rights and interests of our common constituents. Upon the Governor of Maryland, is devolved, not merely the administration of the general laws of the State, but particularly and exclusively, the execution and enforcement of the system of revenue enacted for the redemption of the public debt; and, whether the complicated character of these laws, the revenue which they produce, or the number of agents charged with its collection and payment is adverted to, it may well be inferred, that so far from a sinecure, the Executive office is one of ceaseless labor, anxiety and care. With what fidelity, its various duties have, for the last two years, been discharged, the records of the Treasury, and of other departments of the government will abundantly prove; but with what sacrifices of personal convenience and individual comfort, their performance has been attended, can be known only to myself, and to those, whose experience has familiarised them with the unavoidable expenditures, incident to the station. Invoking upon your councils the over-ruling providence of Almighty God, with a firm reliance upon your wisdom, judgment and patriotism, I cannot doubt, but that the deliberations of the General Assembly, will be so tempered with moderation, prudence and foresight, as to redound to its own credit, and to the glory and honor of our beloved State.

PHILIP F. THOMAS.

EXECUTIVE DEPARTMENT, Jan. 1st, 1850.

